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USDOC FOR 3134/USFCS/OIO/SHUPKA
SOUTHCOM FOR POLAD
AID/W FOR LAC/AA

TAGS: PGOV PREL ETRD BR
SUBJECT: OPPOSITION ASSERTS CRISIS IN BRAZIL'S FOREIGN POLICY

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY

SUMMARY

¶1. (U) Brazil's foreign policy is going through its worst crisis in recent history, according to a number of leading diplomatic and academic experts tied to the opposition. Consul General (CG) attended a May 10 seminar on Brazil's foreign relations at the Fernando Henrique Cardoso Institute (IFHC), during which panelists highlighted a crisis pitting an ideologically-driven MFA with a statist world view formed in the 1950's and 1960's against the present realities of a globalized world where the MFA's framework no longer applies and in which Brazil must defend its economic interests. END SUMMARY.

¶2. (U) During a May 10 seminar on Brazil's foreign policy at the IFHC, panel members contended that in a departure from Brazil's traditional diplomacy, President Lula is the first president to use foreign policy to strengthen his position in domestic politics. Moderated by former President Cardoso (FHC), the panelists - former Minister of Development, Industry and Foreign Trade Sergio Amaral; former Ambassador to the United States Rubens Barbosa; and Marcelo Paiva de Abreu, Economics Professor at the Pontifical Catholic University (PUC) of Rio de Janeiro - stated that President Lula takes deliberate measures to appease leftist foreign governments in order to solidify his position within his own party. According to the panelists, the new wave of South American populism has created a dilemma for Brazil because, while the GoB has ideological sympathies for some populist leaders, Venezuelan President Chavez's actions undercut Brazil's drive to promote South American integration. It is vital to distinguish between the "positive left," as exemplified by Chile, and the "negative left," composed of Argentine President Kirchner, Bolivian President Morales, and Venezuelan President

Chavez. The panelists also repeated the common criticism of the MFA that Brazil sacrificed too much to China without getting any deliverables in return.

¶3. (U) With respect to international and regional trade issues, Brazil is also facing a host of problems, the panelists noted. Mercosul is in crisis partly because Venezuela's membership, which Brazil made the grave mistake of supporting, has created an Argentina-Venezuela "axis" countering Brazil's Mercosul interests. The GoB's proposal for Bolivia's entry into Mercosul has compounded the crisis. The panelists criticized Brazil for not having a back-up plan to the much-touted WTO Doha Round negotiations even while the United States has been successfully negotiating bilateral free trade agreements with a number of South American countries, forcing Brazil into a commercial "checkmate." Outside Mercosul, in 2005 Brazil recognized China as a market economy, but the PRC nonetheless took an active role in preventing Brazil from gaining a permanent seat on the UN Security Council, the panelists added.

COMMENT

¶4. (SBU) The IFHC is mainly a think tank of the opposition Brazilian Social Democracy Party (PSDB); two of the panelists at the May 10 event held important foreign policy positions in FHC's administration, and the third is from PUC Rio, a PSDB academic stronghold. In addition, the PSDB presidential nominee, Sao Paulo ex-Governor Geraldo Alckmin, attended the seminar. That said, the views expressed by the panel are not outside the mainstream perspectives held by Brazil's elite. If Lula and his Workers Party (PT) hope to draw support away from the opposition, they may wish to heed the views expressed at the seminar. On the other hand, the prevailing wisdom is that Brazilian voters do not pay attention to

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foreign policy, and that it will not be an election issue. In any event, a change in the GoB's foreign policy orientation is unlikely absent wholesale change in the upper ranks of Itamaraty (the MFA), which is itself not likely to occur if Lula wins a second term. END COMMENT.

¶5. (U) This cable was coordinated/cleared with Embassy Brasilia.

MCMULLEN